

*153 Fed. Appx. 737, *; 2005 U.S. App. LEXIS 23085, ***

ROGER PLUMLEY, Plaintiff-Appellee, v. DOUGLAS ALFRED JAMES MOCKETT,
Defendant-Appellant.

05-1028

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

153 Fed. Appx. 737; 2005 U.S. App. LEXIS 23085

October 21, 2005, Decided
October 21, 2005, Filed

NOTICE: *[**1]* RULES OF THE FEDERAL CIRCUIT COURT OF APPEALS MAY LIMIT
CITATION TO UNPUBLISHED OPINIONS. PLEASE REFER TO THE RULES OF THE
UNITED STATES COURT OF APPEALS FOR THIS CIRCUIT.

PRIOR HISTORY: ON APPEAL from the United States District Court for the Central
District of California In CASE NO(S). 2:98-CV-06117.

Plumley v. Mockett, 250 F.3d 753, 2000 U.S. App. LEXIS 38414 (Fed. Cir., 2000)

JUDGES: NEWMAN, MAYER, and DYK, Circuit Judges.

OPINION

[*737] JUDGMENT

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED:
AFFIRMED. See Fed. Cir. R. 36

Per Curiam

ROGER PLUMLEY, Plaintiff, vs. DOUGLAS ALFRED JAMES MOCKETT, Defendant.

Case No.: CV 98-6117-GHK(Ex)

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

1999 U.S. Dist. LEXIS 23308

June 4, 1999, Decided

SUBSEQUENT HISTORY: Appeal dismissed by Plumley v. Mockett, 250 F.3d 753, 2000 U.S. App. LEXIS 38414 (Fed. Cir., 2000)

PRIOR HISTORY: Plumley v. Mockett, 1998 U.S. Dist. LEXIS 23501 (C.D. Cal., Dec. 9, 1998)

DISPOSITION: The prior judgment of the court was amended, judgment granted for plaintiff, the decision of the Board of Patent Appeals was set aside and the case remanded to the Board for further proceedings.

CASE SUMMARY

PROCEDURAL POSTURE: Pursuant to 35 U.S.C.S. § 146, plaintiff sued defendant to set aside a decision of the Board of Patent Appeals and Interference, which found for defendant on a derivation theory. After the court granted plaintiff's summary judgment motion, defendant filed a motion to alter or amend the judgment, claiming he was entitled to present evidence of an alternative theory to the Board and that because the Board did not reach the issue, remand was proper.

OVERVIEW: The court granted summary judgment for plaintiff, ruling that the Board's decision for defendant was clearly erroneous because it improperly inferred communication from certain circumstantial evidence. The court, giving full faith and credit to a state court's findings of fact in defendant's misappropriation suit against plaintiff, found that there was no merit to defendant's claim that he sent a certain letter to plaintiff disclosing the idea for the device at issue. Defendant argued that he was entitled to present evidence, including new evidence, of the communication element beyond that which was before the court when it decided plaintiff's summary judgment motion. He also asserted that remand to the Board was appropriate due to the Board's failure to reach the merits of his alternative theory. The court held that even if it were not precluded by 28 U.S.C.S. § 1738 from finding that defendant had communicated the idea of the device to plaintiff, altering the judgment based on his alleged new evidence was improper because such evidence was insufficient to establish communication. Defendant was entitled to a remand to the Board for a decision on the priority of invention theory.

OUTCOME: The court granted defendant's motion to alter or amend judgment insofar as it sought a remand to the Board for a decision on the priority of invention theory. The court still granted plaintiff's motion for summary judgment thereby setting aside the Board's decision in favor of defendant.

CORE TERMS: grommet, derivation, priority of invention, patent, remanding, briefing; summary judgment, new evidence, patentability, amend, conversation, circumstantial evidence, dicta, prong, unresolved, patentable, pivoting, tab, generalized, spoken, remaining issues, present evidence, full faith and credit, factual situation, circumstantial, communicated, evidentiary, reservation, preclusion, disclose

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For DOUGLAS ALFRED JAMES MOCKETT, an individual, defendant: William C Steffin, Michael J Wise, Lyon & Lyon, Los Angeles, CA. John M Moscarino, O'Neill Lysaght & Sun, Santa Monica, CA. Sanford Astor, Stall Astor & Goldstein, Los Angeles, CA. James T Carmichael, John J Yim, Lyon & Lyon, Washington, DC.

JUDGES: PRESENT: Hon. George H. King, U.S. DISTRICT JUDGE.

OPINION BY: George H. King

OPINION

Defendant's Motion to Alter or Amend Judgment

This matter comes before the court on the motion of defendant Douglas Mockett ("Mockett") to alter or amend judgment. On December 9, 1998, we granted the motion for summary judgment of plaintiff Roger Plumley ("Plumley") on his complaint to set aside a decision of the Board of Patent Appeals and Interference (the "Board") pursuant to 35 U.S.C. § 146. On December 29, 1998, defendant moved the court to alter or amend its judgment pursuant to Federal Rule of Civil Procedure 59(e). On February 8, 1999, we denied in part and ordered further briefing on part of defendant's motion to alter **[*2]** or amend the judgment, taking the unresolved portions of the motion under submission subsequent to the required briefing. The parties timely submitted the required briefing. Having reviewed the parties' supplemental briefing, authorities, and exhibits, we rule on the unresolved portions of the pending motion as follows:

I. SUMMARY OF REMAINING ISSUES

In his motion, defendant asserted the following bases for altering or amending the judgment: 1) the court erred as a matter of law in holding that if the communication element of derivation is established by circumstantial evidence, it must be evidence relating to communication; 2) defendant was not given due notice of the grounds on which the court decided the summary judgment motion because the court decided an issue not raised by plaintiff's motion; 3) pursuant to 35 U.S.C. § 146, he was entitled to present evidence, including new evidence, of the communication element beyond that which was before us when we decided the summary judgment motion; and 4) pursuant to 35 U.S.C. § 146, he was entitled to present evidence of an alternative theory, priority of invention, which had **[*3]** been raised before the Board in the

interference but which the Board did not reach.

In our February 8, 1999 minute order, we denied the motion as to the first two bases, but left the latter two unresolved pending further briefing. In our order, we identified the two remaining issues as the "first § 146 issue" and the "second § 146 issue." See February 8, 1999 Order, 4-5. The first § 146 issue concerns additional evidence that was before the Board on the communication element of Mockett's derivation theory but was not presented by Mockett in his opposition to Plumley's summary judgment motion. See *id.* at 3. Although Mockett argued that he was entitled to present this "new" evidence in a § 146 action, it is not, strictly speaking, new evidence, but rather evidence allegedly "new" to us. We agreed to consider such evidence, but required further briefing to clarify precisely the evidence from the record to which Mockett referred. See *id.* at 4-5.

The second § 146 issue concerned whether we should rule on Mockett's priority of invention theory, which was presented to, but not decided by, the Board, as opposed to remanding the issue back to the Board. We ordered further [*4] briefing on whether we had authority to remand an issue that was properly raised in the interference but which the Board did not reach. See *id.* at 5.

II. "FIRST § 146 ISSUE": "NEW" COMMUNICATION EVIDENCE

A. Nature of "New" Evidence

Mockett presents various evidence from the record before the Board when it decided the derivation issue in his case that allegedly was not considered by us when we found the Board clearly erred in finding sufficient circumstantial evidence to satisfy the communication prong of derivation. See December 9, 1998 Order, 4-6. Much of this evidence is either identical to or of the same type as evidence that we previously found inadequate to support the Board's finding of communication.

In finding the Board's conclusion clearly erroneous, we noted that it inferred communication from the following circumstantial evidence: 1) the relative experience of the parties; 2) their respective awareness of a need for the design in the furniture industry, and 3) the timing of Plumley's alleged conception. See December 9, 1998 Order, 4. We concluded that none of this evidence was of *communication* and that in the absence of some evidence, [*5] circumstantial or otherwise, of communication, the Board committed error in finding the communication prong of derivation, satisfied. However, we also noted that circumstantial evidence of the sort relied on by the Board might be helpful to supplement evidence of communication. See *id.* at 5.

The "new" evidence Mockett presents can be divided into two categories: 1) evidence of communication and 2) evidence of conduct other than communication that, collectively, would be consistent with communication. We find all of Mockett's evidence from the former category insufficient for two reasons: 1) We are precluded from considering any such evidence by the findings of the state court, and 2) even if we were not precluded from considering it, the only such evidence provided by Mockett is insufficient to support the Board's finding of communication.

B. Evidence of Communication

1. Issue Preclusion of Communication Evidence

In our December 9, 1998 order, we ruled that we were bound to give, full faith and credit to the state court findings of fact. ¹ December 9, 1998 Order, 3. We declined to preclude findings that Plumley himself was entitled to the grommet idea or [*6] that questioned Mockett's credibility because they were not necessary to the state court judgment for Plumley on unfair business competition claims. *See id.* at 4. However, we said that "the court's findings of fact that pertain to the inadequacy of Mockett's showing of communication of the grommet idea are necessary to the judgment" *Id.* Therefore, such findings are precluded from being relitigated in the present case.

FOOTNOTES

¹ When Mockett brought his interference action before the Board, he also caused his company, Doug Mockett & Company, to bring a suit in Los Angeles Superior Court, claiming, among other things, that Plumley engaged in statutory and common law unfair business competition "by misappropriating and utilizing Plaintiff's design." Martin Decl. in Support of Plaintiff's Motion for Summary Judgment, Ex. 2 (First Amended Complaint, *Doug Mockett & Company v. Plumley*, No. BC 094386 (Cal. Sup. Ct.), at PP 28, 33). The state court dismissed these causes of action and entered the findings of fact at issue here. *See id.*, Ex. 4 (Statement of Decision, *Doug Mockett & Co., Inc. v. Plumley*, No. BC09486 (Cal. Sup. Ct. Aug. 14, 1995)).

[*7] The state court found the following as to Mockett's claims of communication of the grommet idea to Plumley:

2) Did Douglas Mockett send the June 19, 1990, letter which purports to disclose the idea for a pivoting tab grommet to Roger Plumley?

No. The letter was written some time after [Mockett] saw [Plumley's] pivoting tab grommet advertised in the trade publication.

3) Did Douglas Mockett send the August 1, 1990 letter, which was an alleged follow up letter to the June 19, 1990 letter, to Roger Plumley?

No. See findings with respect to # 2.

10) Did Douglas Mockett, at any time, disclose the idea of the pivoting tab grommet to Roger Plumley?

No.

Martin Decl. in Support of Plaintiff's Motion for Summary Judgment, Ex. 4, 80-81 (Statement of Decision, *Doug Mockett & Co., Inc. v. Plumley*, No. BC09486 (Cal. Sup. Ct. Aug. 14, 1995)). We are obligated to give full faith and credit to these findings of fact pursuant to 28 U.S.C. § 1738. Therefore, we are precluded from finding that Mockett communicated the grommet idea to Plumley. Accordingly, we reject any evidence that Mockett now brings of communication.

2. Communication [*8] Evidence Unpersuasive

Even if we were not precluded from finding that Mockett communicated the grommet idea to Plumley, we would still decline to alter our judgment on this issue because Mockett's "new" evidence is insufficient. Of all the evidence that Mockett brings before us now, the only evidence related to direct communication of the grommet idea is the testimony by Susan Gordon ("Gordon"), Mockett's assistant, that several days after Mockett told her about his grommet idea on June 14, 1990, he showed her a letter ("June 19, 1990 letter") containing a sketch of the grommet, which he said he was sending to Plumley. See 20:MR 12, P 12; 9:PR 809; 11:PR 972-73, ² and that he told her a few days later that he had spoken to Plumley about the letter. See 10:PR 924-26.

FOOTNOTES

² We use the following reference system in citing to the evidentiary record before the Board: The first number followed by a colon [20:] refers to a volume number of the record, which has been submitted as Exhibit 1 to Sanford Astor's declaration. "MR" and "PR" refer to citations to Mockett's and Plumley's respective testimonial records. Where appropriate, a page and paragraph reference follows the record designation.

[*9] The Board itself rejected Mockett's evidence of the June 19, 1990 letter as a basis for finding communication because 1) it does not bear an address; 2) Mockett testified at different times that the letter was sent to different addresses, some of which were inaccurate; and 3) therefore, there is insufficient evidence that Plumley received the letter. See Complaint, Ex. 4 (Board's Interference Decision, 9). Mockett presents no evidence that suggests we should revisit the Board's decision about the letter. That is, he presents no evidence that addresses the Board's reservations about whether the letter, if it existed, got to Plumley.

Gordon's testimony that Mockett told her a few days later that he had spoken to Plumley about the letter ³ remains insufficient--even setting aside the hearsay issue--because it is undermined by her surrounding testimony. Regarding the June 19, 1990 letter, Gordon testified, "I recall that Mr. Mockett said he brought [the letter] up in a phone conversation with him the week after he wrote it is [sic] the only time I recall having a discussion about it. He told me he was talking to him about another

problem with a new mold, and then also he was [*10] talking to him about this." 10:PR 924. Just a few moments earlier, Gordon had stated, ". . . I honestly don't know if [Plumley] and Mr. Mockett had any kind of conversation about [the letter]."*Id.* All of this testimony is too vague as to the subject of the alleged conversation between Mockett and Plumley to infer that it confirms Plumley's receipt of the letter, much less that it involved communication of the grommet idea. In addition, Gordon explicitly states that she has no direct knowledge of a conversation between Mockett and Plumley on the topic of the letter, much less--again--direct knowledge of a conversation communicating the grommet idea.

FOOTNOTES

³ Although the Board addressed Gordon's testimony that Mockett had shown her the June 19, 1990 letter and found it insufficient to establish communication, the Board did not discuss her testimony that Mockett had told her a few days later that he had spoken with Plumley about the June 19, 1990 letter. See Complaint, Ex. 4 (Board's Interference Decision, 9).

[*11] C. Other Evidence Suggestive of Possible Communication

Because we find Mockett's evidence of communication insufficient, we need not address the other generalized evidence that, collectively, may corroborate evidence of communication. As we ruled in our December 9, 1998 order, generalized evidence of this sort cannot by itself be enough to show communication sufficient to satisfy the communication prong of derivation. December 9, 1998 Order, 4-5. Therefore, having found that Mockett provides insufficient evidence, circumstantial or otherwise, of actual communication, it follows that all of his other generalized evidence is likewise insufficient to support a finding of communication.

In short, we find that the "new" evidence presented by Mockett from the record before the Board that allegedly shows communication is insufficient to satisfy the communication prong of derivation. Accordingly, we DENY Mockett's motion to alter or amend our judgment on the Board's clearly erroneous decision on derivation.

III. "SECOND § 146 ISSUE": AUTHORITY TO REMAND TO BOARD

We also ordered the parties to brief the issue of whether we have authority to remand the case to the Board [*12] to consider a theory, priority of invention, which had been raised, but was not decided, in the interference. On this issue, we noted that other district courts have remanded matters to the Board in § 146 actions. See February 8, 1999 Order, 5 n.2 (citing *Kochler v. Mustonen*, 774 F. Supp. 641, 645 (D.D.C. 1991)).

A. Cases Favoring Remand

In addition to *Kochler*, Mockett cites other recent examples of district courts remanding issues in § 146 actions. See *Abbott Laboratories v. Brennan*, 952 F.2d

1346, 1348 (Fed. Cir. 1991) (noting without criticism that district court in the § 146 action being reviewed had remanded an issue for further consideration which had apparently already been before the Board in the interference); *Dow Chemical Co. v. Exxon Chemical Patents, Inc.*, 1998 U.S. Dist. LEXIS 5340, No. 96-160-SLR, WL 175883, *9 (D. Del. March 24, 1998) (finding the Board erred in terminating the interference *sua sponte* with entry of judgment against plaintiff under a new version of a rule on proper filing of an application for reissue without providing adequate notice to plaintiff and remanding the case to the Board with instructions to set a fixed [*13] period for plaintiff to comply with the new version of the rule); *Wm. T. Burnett & Co. v. Cumulus Fibres, Inc.*, 825 F. Supp. 734, 737 (W.D. N.C. 1993) (reversing the Board's grant of judgment in the interference against plaintiff because defendant's motion for judgment was procedurally improper and ordering the Board to remand the interference application to the examiner for further consideration on patentability issue); *Kochler*, 774 F. Supp. at 645 (finding Board abused its discretion by denying plaintiff's motion to take testimony abroad without considering its merits because it was submitted on the last day of testimony-taking period and remanding case to Board for redetermination of plaintiff's motions to take testimony abroad and for an extension of time).⁴

FOOTNOTES

⁴ As a further example, Mockett also cites *Orbot Sys., Ltd. v. KLA Instruments Corp.*, 1998 U.S. App. LEXIS 2072, No. 97-1578, 1998 WL 31537, **1 (Fed. Cir. Jan. 22, 1998). However, this Federal Circuit case is unpublished and, therefore, not suitable for citation.

[*14] These cases suggest there is no clear bar to remand in a § 146 action and district courts have been using this option without opposition from the Federal Circuit. Both *Dow Chemical Co.* and *Kochler* involve situations roughly comparable to the instant case: In both instances, district courts in § 146 actions remanded the cases to the Board to determine an issue that had not been reached in the interference because the Board had decided the cases on other bases. Similarly, Mockett argues that we have the authority to remand this case to the Board to determine the issue of priority of invention, an issue before the Board in the interference but not reached by it, because the interference was resolved on the issue of derivation.

B. Cases Disfavoring Remand

On the other hand, the parties note several older cases that, Plumley argues, suggest remand is not desirable or not permitted in some situations. See *Marathon Oil Co. v. Firestone Tire and Rubber Co.*, 205 U.S.P.Q. 520, 526 (N.D. Ohio 1979); *Eastman Kodak Co. v. E.I. DuPont de Nemours & Co.*, 284 F. Supp. 389, 395 (E.D. Tenn. 1968); *Monsanto Co. v. Kamp*, 269 F. Supp. 818, 822, 1967 Dec. Comm'r Pat. 67 (D.D.C. 1967); [*15] *Knutson v. Gallsworthy*, 82 U.S. App. D.C. 304, 164 F.2d 497, 507, 1948 Dec. Comm'r Pat. 22 (D.C. Cir. 1947). However, none of these cases provides any authority that precludes remand.

Indeed, in *Marathon Oil Co.*, the district court, finding that the Board had prejudicially erred when it used the wrong evidentiary standard in an interference, stated in dicta that remand to the Board for rehearing under the correct standard was possible. However, the court decided against remand because the Board would not have the advantage of considering witnesses' demeanor and the court did not believe § 146 authorized it to make findings of fact that would be binding on the Board on remand. See *Marathon Oil Co.*, 205 U.S.P.Q. at 525-26. In the instant case, we do not share the court's reservation about remand because the record on priority of invention is already complete and we have no additional findings of fact that we think the Board should consider on the priority issue.

In *Eastman Kodak Co.*, the court, in dicta, noted that it had considered remanding the case to the Board with instructions to consider certain evidence, but, after briefing by the parties and an examination of the cases, it concluded [*16] that remand "is not appropriate." See 284 F. Supp. at 395. We cannot determine from this ambiguous dicta whether the court felt remand was not permitted, or was not fitting for the particular situation before it.

In *Monsanto Co.*, plaintiffs sought to set aside the Board's interference award of rights of priority to defendants based on their German patent application as co-inventors. 269 F. Supp. at 821-22. The district court held a trial on whether defendants were entitled to rely on the German application. In dicta, the court noted that § 146 did not contain any provision authorizing it to remand the matter to the Board for consideration of the additional evidence tendered at trial. See *id.* at 822. Thus, the only authority the *Monsanto Co.* court offered for preclusion of remand is the silence of § 146 on the issue. Moreover, the factual situation in *Monsanto Co.*--remand to consider evidence tendered to the district court--differs from the instant case, where the Board would only be considering evidence already before it.

In *Knutson*, the D.C. Circuit faced appeals from district court judgments in six civil actions [*17] under § 4915, the precursor to § 146, concerning Board awards of priority in four separate interference proceedings concerning a chemical composition suitable as a lubricant under extreme pressure. 164 F.2d at 499. The actions had been consolidated for trial below, where the district court had reversed the decision of the Board as to one count. In response, the prior patent holder appealed to the D.C. Circuit, asserting that some of the "claims" (using the term in the patent sense) had not been patentable and, therefore, no patent could issue. See *id.* at 501. The issue of patentability had been raised before the district court, which had deferred to the decision of the Board that the "claims" were patentable. See *id.* at 502.

The D.C. Circuit stated that when an issue of patentability was raised before the district court in a § 4915 action, it must be decided. Because neither the district court nor the Board had made sufficient findings of fact to determine patentability, the D.C. Circuit reversed and remanded the case to the district court for further findings of fact on patentability. See *id.* at 507. On the issue [*18] of whether the district court could remand the matter to the Board for further findings of fact, the D.C. Circuit noted that such a procedure would be helpful, but it could not find any authority for such a remand under § 4915, characterizing a § 4915 action as *de novo* rather than an appeal. See *id.*

Knutson provides no clear authority on the issue of remand in § 146 actions. The D.C. Circuit concluded that a district court had no statutory authority to remand an issue to the Board for further findings of fact when a circuit court had remanded the

issue, which had been before the district court under § 4915, for further findings of fact. See *id.* Significantly, patentability, the issue in *Knutson*, is a threshold matter in a patent case. That is, one cannot find, for example, priority of invention or derivation if the invention is not patentable in the first place. Thus, when the D.C. Circuit stated that patentability must be decided in a § 4915 action if it is raised before the district court, it does not follow that the court must decide every issue raised before it, especially when the Board legitimately did not reach the matter in the interference. Furthermore, [*19] even if the D.C. Circuit found that § 4915 did not support remand in the convoluted situation before it, it does not follow that § 146 bars all remand by district courts to the Board.

We make three observations about the cases cited by Plumley as disfavoring or not permitting remand. First, these cases have no binding authority over us. Second, the cases are not recent. Indeed, the most recent opinion was written twenty years ago. Third, and most importantly, none of these cases stands for the proposition that remand is unequivocally improper in a factual situation like the one before us.

C. Conclusion on Remand

Based on a careful review of the § 146 cases that involved remand, we conclude that, despite some hesitations in the past, district courts in § 146 actions have more recently been remanding issues to the Board. None of the case law we have considered provides either authority or argument that precludes remanding to the Board an issue that had been presented to but was not decided by it. Furthermore, remand would be consistent with the modern scheme of administrative law in which specialized agencies are responsible for initial decisions on complex factual and [*20] legal matters but are accountable on review to Article III judges. Applying this scheme to our case, the issue of priority of invention should first be decided by the Board. Any party aggrieved by the Board's decision may seek remedy in a subsequent § 146 action.

Accordingly, having reversed the Board's decision on derivation and DENIED Mockett's motion to alter or amend this judgment, we hereby REMAND the case to the Board for decision on priority of invention consistent with our decision in this case. We decline to retain further jurisdiction over this case. Our December 9, 1998 judgment shall be amended accordingly.

IT IS SO ORDERED.

AMENDED JUDGMENT

The court granted plaintiff summary judgment on December 9, 1998. We amended our judgment on June 4, 1999, still granting plaintiff summary judgment and thereby setting aside the decision of the Board of Patent Appeals and Interferences (the "Board") in Patent Interference No. 103,260 insofar as it found in favor of Douglas Alfred James Mockett on a derivation theory, but remanding the case to the Board for decision on the priority of invention theory in accord with this judgment.

Accordingly, pursuant to that June 4, 1999 order, [*21] it is hereby **ADJUDGED, DECREED, AND ORDERED** that 1) plaintiff shall have judgment against defendant on his complaint; 2) the decision of the Board in Patent Interference No. 103,260 is hereby set aside; 3) the case is hereby remanded to the Board for decision on the priority of invention theory in accord with this judgment; and 4) our December 9,

1998 judgment is amended accordingly.

DATED: June 4, 1999

George H. King

United States District Judge